

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2210)

BFN2224 - FINANCIAL MARKETS AND INSTITUTIONS

(All sections / Groups)

10 February 2023
9.00am-11.00am
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of THREE (3) pages (including this cover page).
2. Answer **ALL** questions.
3. Please write all your answers in the Answer Booklet provided.

Question 1 (25 marks)

Global financial markets have experienced many financial crises, which were associated with banking panic.

- a. What is financial crisis? (4 marks)
- b. Discuss four (4) factors of financial crisis which had occurred in the emerging market. (12 marks)
- c. Discuss three (3) strategies used by the Malaysian government to stabilize the Malaysian economy during the financial crisis 1997-1998. (9 marks)

Question 2 (25 marks)

Bond/sukuk and Mutual funds are important instruments in the era of globalization.

- a. What are the determinants of bond yields? (5 marks)
- b. Discuss the benefits of investing in mutual funds. (10 marks)
- c. Explain the features of mutual funds. (10 marks)

Question 3 (25 marks)

Central Bank is an important players in financial markets throughout the world.

- a. Discuss four (4) roles of Bank Negara Malaysia (Malaysia Central Bank). (12 marks)
- b. Critically evaluate whether Bank Negara Malaysia should be decentralized and independent. (8 marks)
- c. Explain Fiat Money and its application to modern banking system (5 marks)

Question 4 (25 marks)

One of the reasons why financial intermediaries and indirect finance are so important in financial markets is asymmetric information

- a. Explain what asymmetric information is and the problems it creates. (12 marks)
- b. Explain the role of commercial banks in fueling economic growth of a nation. (5 marks)

Continued...

- c. You have just registered a new company under small and medium enterprise (SME).
- i. Why it is difficult for SMEs to obtain financing? (5 marks)
 - ii. What would be the likely outlet for you to finance your activities? (3 marks)

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